

County Budget Estimates
For the 2007-2008 Fiscal Year

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G.S. 108A-88



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Division of Social Services
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SECTION A

DIVISION OF SOCIAL SERVICES

OVERVIEW:

The following is a list of some of the items in the Division of Social Services estimates to which we draw the county's attention. The narrative itself provides fuller detail on programs and funding availability anticipated.

- **Reauthorization of the Temporary Assistance for Needy Families (TANF) Block Grant:** The Deficit Reduction Act of 2005 (DRA), which was signed into law on February 8, 2006, reauthorizes the TANF program until the year 2010 and mandates changes that will affect Work First policy as of October 1, 2006. The U.S. Department of Health and Human Services (HHS) issued interim final rules on June 29, 2006. The Division, in collaboration with a county work group, developed policy revisions to bring North Carolina into compliance with the DRA and interim final rules effective October 1, 2006. The required Work Verification Plan was submitted to HHS prior to the due date of October 1, 2006. This Work Verification Plan contained an outline of how North Carolina will implement the changes dictated by the DRA prior to the deadline of October 1, 2007. HHS will work with the state to ensure that this Work Verification Plan is approved by that date.
- **Shift in Crisis Intervention Program (CIP) Funding:** The funding formula to allocate CIP funds to counties continues to change from being based solely on historical spending to 60% historical spending and 40% number of persons living in poverty/Food Stamp caseload. The shift will result in some counties getting more CIP funds and some counties will receive a smaller allocation. The allocation will be adjusted by an additional 20% each year until the CIP funding is based completely on individuals in poverty and the Food Stamp caseload for the county.
- **IV-E Waiver Demonstration Project:** Since July 1997, 19 counties have participated in the IV-E Waiver Demonstration Project. Under the Waiver, these 19 counties were allowed to claim reimbursement of foster care maintenance, administration and preventive efforts for children determined to be eligible for State Foster Home funds only, under Title IV-E. The Division has secured authorization from ACF to extend the demonstration project for an additional five years. In addition, the Division has obtained approval to expand the demonstration to include 38 counties in total. Seventeen of the original 19 demonstration sites were joined by 21 new counties to test the flexible spending of the IV-E foster care maintenance and administrative funds. The new five-year period began July 1, 2004, and the 38 county demonstration group began implementation of phase II of the project January 1, 2005.

The Federal Terms and Conditions of the Waiver stipulate that North Carolina must be cost neutral, which means the state cannot spend any more federal funds than it would have spent absent the Waiver, over the 5-year demonstration period. In the event the state is not cost neutral, the federal government reserves the right to suspend or revoke the waiver authority of the state. In the event the federal government suspends or revokes the waiver authority of the state, or if the state must take aggressive action to correct a negative cost neutrality trend, it is imperative that the 38 demonstration counties have maintained budgeting the same level of State Foster Home Funds as they would have budgeted absent the IV-E Waiver Demonstration project.

- **Replacement for loss of IV-E Administrative funds:** The Deficit Reduction Act of 2006 prohibited the use of IV-E Administrative Funds for children who were otherwise IV-E eligible and placed in the home of unlicensed relatives. As a result, county departments of social services experienced a loss in the support of federal funds to support these placements. The 2006 General Assembly recognized this loss and appropriated \$2 Million to assist with this loss. The Division in collaboration with NCACDSS, CWS Funding Committee, devised a formula that would recognize those children who were placed in the home of unlicensed relatives and would provide the percentage of the budget allocation to those counties who had children in those placements. The formula used an average quarterly count of the children placed in the homes of unlicensed relatives for SFY 05-06 and pro-rated the allocation to each of the counties. These funds will be placed in your county TANF CPS/FC Adoption allocation. (See Dear County Director letter # FSCW 59-2006, October 24, 2006).
- **Child Support Enforcement Incentives:** The Deficit Reduction Act of 2005 changed the way Incentive funds must be used effective October 1, 2007. Counties can no longer keep the incentive as a revenue which reduces the local match below 34%. Incentive funds must be accounted for in a separate line item which is spent on the Child Support Enforcement Incentive Program without claiming any reimbursement for those expenditures.
- **Revised Food Stamp EBT Costs:** Based on the implementation of a new contract with eFunds for Food Stamp Electronic Benefit Transfer services effective July 2007, the cost per case month is changing from \$1.64 to 55 cents. The cost to select a PIN number when made from a pay telephone will continue to be 49 cents per call; however, there will be no other costs associated with PINning EBT cards. This is a change from the current 17 cents per card for PINs selected using the automated process and \$2.00 per PIN when a Spanish speaker elects to speak with an eFunds Customer Service Representative to select a PIN.
- **Work First Demonstration Grants:** During the 2006 Legislative Session the North Carolina General Assembly appropriated the sum of \$19,048,322 to the Division of Social Services from the TANF Block Grant for county demonstration grants to be used for Work First demonstration projects implemented by county departments of social services. The county demonstration grants may be awarded for up to three years with all projects ending no later than the end of state fiscal year 2008-2009. The purpose of the county demonstration grants is to identify best practices that can be used by counties to improve work participation rates. The Division of Social Services is authorized to establish two time-limited positions to manage the grant award process and monitor the demonstration projects through state fiscal year 2008-2009. Funding provided under the county demonstration grants shall not be used to supplant local funds and counties shall be required to maintain the current level of effort and funding for the Work First program.

The Division encouraged all counties to submit a plan which detailed how that county would increase their work participation rate, which in turn would help the state meet required federal participation rates. Initially, 36 demonstration grants were awarded in October, 2006 for SFY 2006-2007. The grants may extend throughout the three year period contingent upon that counties making sufficient progress towards meeting their established participation goals. Due to time constraints and budgeting cycles, the initial grant awards were electronically transferred to county accounts. Subsequent awards, both continuation and newly funded demonstration projects, will be made through Funding Authorizations. Counties currently receiving grant funds will need to plan their SFY 2008 budget based on the reimbursement of expenditures.

In the event the Division has unobligated grant funds available after awards are made beginning July, 2007, additional counties will be invited to submit plans for a demonstration project. Counties who anticipate applying for a new grant award in SFY 2008 will need to build the flexibility into their budget to accommodate the reimbursement process should their plan be funded. Grant funds will not be electronically transferred to county accounts beginning July, 2007. (See Dear County Director letter # FSCW 53-2006, September 15, 2006)

- **School Based Child and Family Support Teams Initiative:** The North Carolina General Assembly has appropriated the sum of \$420,804 dollars in recurring state funds for the purpose of establishing 12 child and family team facilitator positions in county DSS agencies to support the School Based Child and Family Support Team Initiative. The Divisions' CWS Funding Committee, in collaboration with NCACDSS, has determined to provide funding to 12 non-IV-E Waiver Counties. (See Dear County Director letter # DIR-02-2006, October 2, 2006).
- **County Operated Child Support Enforcement Offices:** If Child Support Enforcement in your county is operated by the Division of Social Services and your Board of County Commissioners makes that decision that your county is to begin administering the Child Support Enforcement Program, the Board of County Commissioners must notify the Department of Health and Human Services between July 1 and September 1, 2007. County administration of the Child Support Program will begin July 1, 2008 if the appropriate and timely notification is made in 2007.

I. PROGRAMS OF PUBLIC ASSISTANCE

• WORK FIRST FAMILY ASSISTANCE

Electing Counties

Electing Counties can design their own work program, including eligibility criteria and sanctions. Electing Counties must continue to follow certain State and Federal legislative requirements, such as mandatory screening for substance abuse and non-citizen eligibility rules. The funding for cash assistance is included in the Electing Counties' Work First Block Grant. Electing counties are responsible for the cost of cash assistance payments that result from increased caseloads beyond the funds that have been allocated.

The following counties have requested to be designated as electing for the next biennium 2007 thru 2009: Beaufort, Caldwell, Catawba, Iredell, Lenoir, Lincoln, Macon, McDowell, Sampson, Stokes and Wilson. If approved, these counties must operate as Electing counties until the next TANF State Plan is approved by the General Assembly and certified by the Federal Department of Health and Human Services. Financial implementation of the Work First Program will began July 1, 2007 while the Work First Program plan began October 1, 2007 when the State plan takes effect. These estimates reflect funding based on these proposed electing counties.

Standard Counties

The remaining counties will operate under the State's Work First Program. These counties are considered Standard Counties by legislation and Work First Policy. The funding for cash assistance will not be considered part of the Work First County Block Grant in the Standard Counties.. Standard counties are not required to budget additional funds if caseloads increase beyond the level projected in these estimates.

• FOOD STAMP ALLOTMENTS

Caseload Information

During the month of September 2006, a total of 384,325 North Carolina households were receiving food stamp benefits at an average value of \$207 per household. These households represent 871,393 individuals. This represents an increase of 177,951 households since July 2000 and an average allotment increase of \$50 per household. While food stamp participation has increased by more than 70 percent since July 2000, some North Carolina counties are still serving less than 50 percent of the eligible population.

Food Stamp Error Rate Sanctions

The Division and counties are continuing their efforts to meet the federal error tolerance in the Food Stamp Program. North Carolina's error rate for FFY 2006 is around 3.00% to date, well below the federal tolerance. Based on the federal bonus funding benchmarks, North Carolina can again compete for bonus funding on the basis of its current error rate. Bonus funds in this category will be divided among the seven states with the lowest payment error rates.

Electronic Benefits Transfer

EBT is the process of delivering Food Stamp benefits to recipients via a debit card. The Food Stamp Information System (FSIS) sends files via the EBT Interface System (EBTIS) to eFunds, the current EBT vendor, to set up accounts when Food Stamp recipients are approved for benefits and to transmit benefit amounts. The benefit amounts are credited to the Food Stamp recipients' accounts. Transactions are tracked at food retail outlets. These transactions are deducted from the balance in the recipients' accounts. The approval or denial is given instantly in real time via a Point-of-Sale (POS) terminal and the balance of the account is adjusted and printed on the receipt. Various administrative reports are created to upload transaction history into the DSS Data Warehouse.

The new EBT contract with eFunds effective July 2007 provides for a significant reduction in the cost per case month from \$1.64 to 55 cents. There will be no cost for recipients to select a PIN number, a saving from the current 17 cents per PIN selected using the automated voice response, and \$2.00 per PIN for Spanish speakers who elect to speak with to eFunds Customer Service for assistance in selecting a PIN. County EBT costs also include an additional \$.50 cost-per-case-month for each active Food Stamp case to cover the cost of the 24-hour per day/7-day per week EBT Customer Service Call Center.

All costs associated with EBT will be eligible for reimbursement of federal funds from the Food Stamp Program at the standard administrative Federal Financial Participation (FFP) rate of 50% with county funds supporting the 50% non-federal share of costs.

- **ADOPTION ASSISTANCE**

The General Assembly has established the monthly regular Adoption Assistance payment rate per child as follows:

<u>Age of Child</u>	<u>Adoption Assistance Payment</u>
0 to 5 years of age	\$390
6 to 12 years of age	\$440
13 to 18 years of age	\$490

The General Assembly has established monthly HIV Adoption Assistance payment rates as follows:

<u>HIV Status of Child</u>	<u>Payment Rate</u>
Indeterminate HIV status	\$ 800
Confirmed HIV Infected, Asymptomatic	\$1,000
Confirmed HIV Infected, Symptomatic	\$1,200
Confirmed HIV Infected, Terminally Ill	\$1,600

There are three categories or types of regular adoption assistance payments: 1) the State Adoption Fund, 2) Title IV-B Adoption Assistance, and 3) Title IV-E Adoption Assistance. The State provides supplementing adoption assistance under the Title IV-B and Title IV-E Adoption Assistance called Special Needs Adoption Incentive Fund. The amount of federal, state, and county financial participation varies among these categories,; however, the standard monthly payment rates listed above apply to each. The categories are described below:

State Adoption Fund (G.S. 108A-50)

This category of adoption assistance is used in adoption cases of "private" agency children who are not IV-E eligible. Funding for the State Adoption Fund is 100% State. No county financial participation is required for monthly cash or vendor payments in these cases.

Title IV-B-Adoption Assistance (G.S. 108A-50)

This category of adoption assistance is used in making payments on behalf of children who are not eligible for either the State Adoption Fund or IV-E funding. Funding for Title IV-B Adoption Assistance is Federal, State, and County.

Title IV-E - Adoption Assistance (G.S. 108A-49)

This category of adoption assistance is used in making payments on behalf of children who are not eligible for assistance from the State Adoption Fund **and** are IV-E eligible. Federal financial participation in Title IV-E Adoption Assistance is tied to the state's approved Federal Medical Assistance Payment (**FMAP**) rate of 64.52% and the state and counties share equally in the non-federal share costs of 17.74%.

The rates for FF 07-08 are not available and therefore can not provide a composite rate for SFY 07-08. For budgeting purposes, use the federal rates for FY 06-07.

At present, Federal Title IV-E Adoption Assistance funds are not capped. Reimbursement to adoptive parents for one-time "non-recurring costs" also falls within this category (see Section 1305, Chapter VI of the Family Services manual for additional information).

Special Needs Adoption Incentive Fund

The General Assembly has established monthly adoption incentive payments for foster parents who are receiving supplemental foster care payments to provide for children with severe special needs. The adoption incentive payments equal the amount received by foster parents, thus removing the disincentive for foster parents to adopt children with severe special needs. Guidelines have been established for eligibility for children and participation by counties. Participating counties provide 50% and the state shares in providing 50% of the cost of the supplement for each adopted child who qualifies for the program. The fund is capped at \$500,000. Title IV-B-Adoption Assistance (G.S. 108A-50).

- **ADOPTION - VENDOR PAYMENTS**

Vendor payments for allowable costs on behalf of children who are eligible for adoption assistance under any of the three funding categories, with a maximum payment of \$2,400 per year, for any combination of medical and non-medical services or treatment not covered by any medical insurance program. The required county financial participation rate is 25% for children who participate in the IV-B and IV-E Adoption Assistance Programs; there is no county financial participation for vendor payments for children covered under the State Adoption Fund. In compliance with Division policy, some children who do not receive monthly cash payments may be eligible for vendor payment assistance.

- **FOSTER CARE**

As authorized by the General Assembly, the maximum regular foster care board rates for all funding streams are as follows: (Note: Of these amounts, \$15 is a personal needs allowance for the child.)

<u>Age of Child</u>	<u>Foster Care Board Rate</u>
0 to 5 years of age	\$390
6 to 12 years of age	\$440
13 to 18 years of age	\$490

The General Assembly has also established monthly HIV Foster Care Board rates as follows:

<u>HIV Status of Child</u>	<u>Payment Rate</u>
Indeterminate HIV status	\$ 800
Confirmed HIV Infected, Asymptomatic	\$1,000
Confirmed HIV Infected, Symptomatic	\$1,200
Confirmed HIV Infected, Terminally Ill	\$1,600

IV-E Foster Care and Maximization

The State eligibility policy for Title IV-E Foster Care Assistance is contained in the Family Services Manual, Chapter IV – Child Placement, Section 1205: Foster Care Assistance – Eligibility and Reimbursability.

Federal financial participation in Title IV-E Foster Care Assistance is tied to the state's approved Federal Medical Assistance Payment (**FMAP**) rate of 63.49% and the state and counties share 18.255% equally in the non-federal share of costs incurred up to the Standard Board Rate (SBR).

The rates for FFY 07-08 are not available and therefore can not provide a composite rate for SFY 07-08. For budgeting purposes, use the federal rates for FY 06-07 which are 64.52% federal, 17.74% each state and counties

Federal Title IV-E Foster Care funds are not capped, therefore costs above the SBR claimed in accordance with county DSS and state policies are eligible for federal reimbursement to counties on behalf of eligible children placed in county operated family foster homes and facilities with Facility Rates. Counties are reimbursed based upon costs reported on the DSS-5094 minus the child's own resources. For a child in a DSS family foster home, excess costs are reimbursed based on each county DSS policy for payment of such costs. For a child placed in a facility or family foster home with an approved Facility Rate, reimbursement of excess costs is tied to the Facility Rate and cannot exceed the federal share of the Facility Rate. The PQA 022-1 Report is generated monthly to reflect the amount of IV-E Maximization paid to the county above the Standard Board Rate.

- **IV-E WAIVER ASSISTANCE**

Since July 1997, 19 counties have participated in the IV-E Waiver Demonstration Project. Under the Waiver, those 19 counties were allowed to claim IV-E reimbursement for children determined to be eligible for State Foster Home Funds, and were allowed to use IV-E foster care funds for preventive efforts as well. Effective July 1, 2004, the Division was granted a 5-year extension of the IV-E Waiver Demonstration project in North Carolina. In addition, the state has been granted the ability to expand the waiver to include a total of 38 demonstration counties. Seventeen of the original 19 counties were joined by 21 new counties to test the hypothesis that flexible use of otherwise restricted IV-E foster care maintenance and administrative funds will result in better outcomes for kids. The 38 demonstration counties have the ability to waive the rules on the use of IV-E funds, and are able to use those funds on children and services otherwise ineligible for Title IV-E foster care funds. The demonstration project must be cost neutral, which means those demonstration counties must be able to offset the up-front use of IV-E funds by reducing the overall amount of foster care expenditures. The five-year demonstration period ends June 30, 2009.

State Foster Care Benefits Program

The State eligibility policy for the State Foster Care Benefits Program is contained in the Family Services Manual, Chapter IV – Child Placement, Section 1205: Foster Care Assistance – Eligibility and Reimbursability. Counties are reimbursed from this source of funds for children who are determined not to be Title IV-E eligible.

The State Foster Care Benefits Program payment costs are shared between the counties and the state at the rate of State 50% and County 50% up to the established Standard Board Rate (SBR). There is no state financial participation reimbursed to counties for payments made on behalf of non-Title IV-E children above the SBR.

TEA and Foster Care Maintenance Payments

Foster care maintenance payments for non IV-E eligible children who are TANF Emergency Assistance (TEA) eligible and are placed in licensed homes or facilities may be reimbursed at county option through the Work First County Block Grant allocations of TANF funds.

For foster care maintenance payment reimbursement, the child must be experiencing an emergency/crisis situation and must have lived with a specified relative within six months of the date of eligibility determination. Eligibility determination cannot be retroactive. TEA foster care maintenance payments may not extend beyond 364 days.

Three emergency situations commonly relate specifically to child welfare:

- Abuse, neglect, or dependency of children;
- Situation in which a child is at risk of removal from the home;
- Situation in which return to the home of a child who is currently separated from his family may create an emergency.

Foster care maintenance payments for IV-E children must continue to be made through IV-E. County DSS financial staff must assume the responsibility to closely monitor the availability of the county's TEA funds for foster care maintenance payments and other child welfare services through the monthly XS 411 Report and/or other available methods. The PQA 022-2 is generated to reflect the amount of TEA expenditures that the county has reported above the Standard Board Rate. For a child in a DSS family foster home, excess costs are reimbursed based on each county DSS's policy for payment of such costs. For a child placed in a facility or family foster home with an approved Facility Rate, reimbursement of excess costs is tied to the Facility Rate and cannot exceed the Facility Rate. The monthly PQA 020 will reflect the amount of expenditures up to the Standard Board rate. Reimbursement is reflected on the monthly WC 337 report and the XS 335 Reimbursement for the county welfare administrative expenditures report.

Treatment Needs for Children in Foster Care

When foster children are placed in residential treatment facilities or therapeutic foster homes, county DSS's have the financial responsibility for their room and board costs. In order to be reimbursed for these costs, the facility must have a valid license. If the facility is licensed through the Division of Facility Services, the Division of Social Services must assign the DFS-licensed facility an identification number that is compatible with the Child Placement and Payment System. Room and board costs vary depending on the child's authorized mental health "Level". The following is a breakout of these costs by Level:

- Level II family or residential-DSS pays SBR and may be asked to pay additional costs up to the Facility Rate, (if the facility has a Facility Rate) and the combination of Medicaid and SBR are less than the Facility Rate. (PQA-020 for SBR) (PQA-022-1 for IV-E over SBR and PQA-022-2 for TEA over SBR.).
- Level II family or residential-DSS pays the SBR if the facility does not have a Facility Rate. (PQA-020).
- Level III – DSS pays the Division of Medical Assistance (DMA) established room and board rate. If a child is TEA or IV-E eligible, the DSS may claim clothing costs in

022-2 for TEA over SBR and PQA-022-3 for SFHF eligible children. PQA-022-3 reflects “At-Risk funding”).

- Level IV- DSS pays the Division of Medical Assistance (DMA) established room and board rate. (PQA-220 for SBR for all eligibility categories and PQA-022-3 for reimbursement over the SBR for all eligibility categories. The PQA-220 also reflects “At-Risk funding”).

Counties are encouraged to look at their recent history of expenditures in this area and budget accordingly.

- **LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)**

The total LIHEAP Block Grant is expected to be approximately \$36 million for federal fiscal year 2008. This block grant is budgeted for three primary components: Low Income Energy Assistance Program (LIEAP) Assistance Payments, Crisis Intervention Program (CIP) payments, and the Weatherization Program administered through the Department of Health and Human Services, Office of Economic Opportunity. Up to 10% of the block grant funds is available for administration of the program. The estimates are contingent upon the approval of the LIHEAP State Plan by the General Assembly in the spring. Also, as in prior years, depending upon action by Congress or the Administration, the amount available could be changed.

Low Income Energy Assistance Program (LIEAP)

The Energy System will be automatically linked to the Food Stamp Information System (FSIS) in order to determine eligibility for a large number of food stamp recipients. County departments of social services will take LIEAP applications for individuals not determined eligible through the automated application process. Applications must be taken for two weeks in November 2007. Families with young children, persons with disabilities, and the elderly will be targeted for assistance. Checks will be mailed in February 2008 to eligible households.

Crisis Intervention Program (CIP)

Each year Congress budgets funds for emergency allotments to the states based on weather related needs. North Carolina has received emergency contingency funds for either winter heating, summer cooling or hurricane related needs in several of the last few years. The funds received from these emergency allocations are usually sent to counties as additional CIP allocations. Whether North Carolina receives any additional emergency contingency funding in the coming year is contingent upon federal funding, weather conditions and other states needs as well. The federal Department of Health and Human Services determines which states receive these funds and how much each state is allocated.

The CIP web-based system reflects service dollar budget allocations for the SFY, entered early in the new SFY.

Heating Air Repair and Replacement Program (HAARP)

This program operates as a sub-component of the Crisis Intervention Program (CIP) and provides assistance for repairs to home heating and cooling systems for low income families. Funds are transferred to the DHHS Office of Economic Opportunity and services are provided through community action agencies.

Weatherization Program

A portion of the LIHEAP block grant is utilized for weatherization activities for low- income individuals.

- **ENERGY NEIGHBOR PROGRAM (Progress Energy)**

Counties in the Progress Energy service area receive funding for the Energy Neighbor Program, formerly known as the Project Share Program. Service area counties assume 100% administrative costs for administering this program. Progress Energy collects the money and specifies how the funds are allocated to each county.

- **WAKE ELECTRIC ROUND UP PROGRAM (Wake Electric Membership Corporation)**

Counties in the Wake Electric service area assume 100% cost for administering this program. Wake Electric collects the money and specifies how the funds are allocated to each county.

- **SHARE THE WARMTH PROGRAM (PIEDMONT NATURAL GAS)**

Counties in the North Carolina Natural Gas service area in eastern North Carolina assume 100% cost for administering this program. Piedmont Natural Gas collects the money and specifies how the funds are allocated to each county within their service area.

- **HELPING EACH MEMBER COPE (HAYWOOD ELECTRIC MEMBERSHIP CORPORATION)**

Counties in the Haywood Electric service area assume 100% cost for administering this program. Wake Electric collects the money and specifies how the funds are allocated to each county.

- **RETURNS FROM IV-D COLLECTIONS**

Counties who operate the Child Support Enforcement Program continue to receive the local share of IV-D return from TANF collections. However; for counties in which the Child Support Program is operated by the state, all return is paid to the state with no local share of return. TANF collections paid as family payments, medical, and money collected on behalf of other states represents approximately 21% of the TANF collections, and no return is received on these amounts.

II. SOCIAL SERVICES PROGRAMS

- SOCIAL SERVICES BLOCK GRANT

Social Services Block Grant Funds (SSBG) are made available under Title XX of the Social Security Act. The matching rate for the regular SSBG allocation is 75% federal or state (Capped at \$3,000,000) and 25% county with the exception of social worker time for family planning counseling which is matched at 90% federal and 10% county. In-Home Services (including In-Home Case Management) are reimbursed at 87.5% federal and 12.5% county. In recognition of county flexibility to use these funds for various services - at various match rates - the estimates assume that all funds not otherwise targeted for specific services by the General Assembly will be used at the 75% rate. This means the estimates include the highest amount of county funds that will be required to match the federal dollars. Counties may choose to use these funds for other services at the applicable match rates.

The estimates reflect the same level of funding for SFY 2008 that is available for SFY 2007, including state funds to help replace the federal reduction of SSBG funding. **Please note that the final funding available to counties is subject to approval by the General Assembly.**

- TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) TRANSFERRED TO SOCIAL SERVICES BLOCK GRANT (SSBG)

As in previous years, the estimates show a portion of the SSBG allocation as TANF Transferred to SSBG. To appropriately spend these funds, counties must document a child or a family with a child being served. In addition, the child or family must have income at or below 200% of the federal poverty level. The Division of Social Services has defined the services that may be funded with TANF Transferred to SSBG. A 25% county match is required. **Please note that final funding available to counties is subject to approval by the General Assembly.**

- LINKS

LINKS services are directed toward serving adolescents ages 13 to 21 who are in DSS custody/ placement authority or who were in foster care after the age of 13. All funding and programming is directed toward helping these youth and young adults achieve self-sufficiency. There are several key elements to the Chafee Foster Care Independence Act that are reflected in the funding plan:

1. All teens in foster care are targeted for services. Counties may serve adolescents as young as 13 with LINKS Program services. Priority for services is given to youth 16 to 21 who are in foster care or are on CARS agreements and to young adults who aged out of foster care at age 18. Part of the counties' allocation is based on the number of teens ages 13-15 in foster care. Serving this population is strongly encouraged, although not specifically required by the new legislation.
 - Eligible teens and young adults who are in agency custody/planning authority ages 16 to 21 must be provided the opportunity to receive meaningful assistance with skills training, counseling, education and other appropriate support and services. These youth are eligible for services until their 21st birthday.

- The young adults who "age out" of foster care (i.e. were in custody on their 18th birthday) must be provided opportunities for assistance with housing, education, employment, and life skills. Funding is available to reimburse counties for expenditures made on behalf of these young adults when it is part of a broader service plan.
2. Teens and young adults must take increasing responsibility for planning and implementing their plans. Documentation of youth involvement must be included in the case record and reflected on the service agreement and transitional plan. Agencies have the responsibility for teaching the skills necessary to be self-sufficient and for providing opportunities to use those skills within a supportive environment.
 3. The state is required to track outcomes for young people once they leave our care, and to offer services as needed to facilitate successful transition to self-sufficient adulthood. Counties are required to track outcomes related to youth who leave custody as teenagers in order to assess the effectiveness of their programs.
 4. The State must make benefits and services available to Indian children in the state on the same basis as other children. North Carolina interprets this responsibility to include all Native American children, regardless of Federal recognition status.

The allocation plan reflects the following goals of the Chafee Foster Care Independence Act:

- To improve and expand LINKS Program services to youth in custody/placement authority ages 16 to directed toward assessment, life skills training, educational assistance, and experiential learning. (Allocated to counties @ \$725 per youth ages 16-21 in DSS custody/planning responsibility regardless of living arrangement.)
- To provide LINKS Program services to youth in foster care ages 13-15 directed toward helping them plan for their future, to participate in assessments and needed skills training, and to learn about resources. (Allocated to counties @ \$100per youth 13-15 in DSS custody/planning responsibility regardless of living arrangement.) If additional funds become available, a per capita allocation will be provided to counties based on the number of youth who aged out of foster care and are not yet 21.
- To provide additional funding (**LINKS Special Funds**) for transitional housing assistance and services for youth who have aged out of foster care, to provide assistance to eligible youth to encourage academic achievement; and to develop additional strategic services for youth who are deemed at high risk.
- Independent Living Trust Funds are available through September 30, 2006 or until that fund is depleted. The per capita allotment for Trust Funds is \$1500 per individual.

LINKS Special Funds are available for reimbursement to counties for allowable expenditures on behalf of registered, qualified youth and young adults. Procedures for registration of eligible youth are as follows:

1. The social worker verifies and documents eligibility based on the attached criteria, and sends a form "Authorization for Funds Access" to the State LINKS Coordinator. DSS-5216.

2. The county then spends county funds for Scholarships (up to \$750), Trust Fund (up to \$1500), Transitional Housing (up to \$1000) and/or funds for Extremely High Risk Youth (up to \$1000).
3. The agency sends a Request for Reimbursement to the State LINKS Coordinator, specifying the types of funds to be reimbursed and the purpose of the expenditure. (DSS-5217). This request must be received by the State LINKS Coordinator by 4:30 pm on the last day before the 15th of the month in order to assure timely reimbursement. Late requests will be submitted to the Controller's office on the 15th of the following month. The State LINKS Coordinator checks to assure that the youth have been certified as eligible and forwards approved requests to the State Controller's Office on the 15th of the month in which it was received. The Controller reimburses the county via Electronic Funds Transfer in the next calendar month.
4. In order to facilitate access and reimbursement of these special LINKS funds, as well as for audit purposes, counties are encouraged to establish special budget line items for expenditures and revenue using county funds to facilitate processing of advancement and reimbursement of LINKS Special funds. LINKS Special Funds are reimbursed by EFT during the first week of the month following the claim for reimbursement so that the amount expended is replenished quickly. (Note: requests for reimbursement from the Trust Fund will be reimbursed twice monthly until the fund is depleted.)

Federal funding approved in 2003 provides up to \$5000 per year for post secondary educational and/or vocational training for young adults who either aged out of foster care or who were adopted after their 16th birthday. The state is contracting with a private, non-profit agency to process applications and to administer distribution of these funds. Counties are responsible for verifying eligibility and for referring these youth for these scholarships. The student must apply directly for the application to be processed. Referrals and applications are submitted via the Internet to www.statevoucher.org.

- **SYSTEM OF CARE GRANT**

North Carolina is the recipient of a 5 year federal Child Abuse and Neglect discretionary grant in the amount of \$500,000 per year entitled "Improving Child Welfare Outcomes through Systems of Care", begun in October 2003 and scheduled to continue through September 2008. Grant funds are available for use only in Alamance, Bladen and Mecklenburg counties, which are the demonstration sites for the grant.

Use of these grant funds will give NC the opportunity to demonstrate in three counties, that System of Care principles, traditionally seen in the context of service delivery for children with behavioral health needs, can be successfully applied to a child welfare setting. The county departments and other community agencies that work with families in this project will benefit from extensive training and technical assistance of all their staff and leadership around collaborating to provide services using family centered practices.

The funds will be used to provide training and technical consultation to build an infrastructure to support these families, to work collaboratively with state and community organizations, and to engage families in planning for services and supports for their own families and to participate in decision making community advisory boards and collaborative groups. The demonstration county departments will have site coordinators, and a family advocacy agency, such as a family resource center in each county, will train and support families.

Each of the 3 sites will be provided grant funds to staff a position in the county DSS that will work with department staff, families in the community, and other agencies that serve children and families. The Center for Child and Family Policy at Duke University will conduct the evaluation of this grant by a contract. The Division will contract with universities, family resource centers, and/or other family advocacy organizations to design and deliver the training and support services.

- **PERMANENCY PLANNING**

Permanency Planning funds can be used to support direct services aimed at ensuring safety, permanence and well-being for children who:

- 1) are the subjects of a valid CPS referral, and have been determined to be in need of services based on the completion of a comprehensive family assessment process and are not at imminent risk of coming into agency custody or placement responsibility (i.e. not “reasonable candidates” for foster care);
- 2) are in agency custody/placement responsibility for less than 12 months;
- 3) are in agency custody/placement responsibility for more than 12 months and for whom the plan is adoption, custody or guardianship with an **identified** relative, or custody/guardianship with another **identified** caretaker; OR
- 4) have left DSS custody/placement responsibility within the previous 12 months (including post-adoption services).

Reimbursable Activities Include:

- Intensive Family Preservation Services or other services designed specifically to prevent out-of-home placement;
- Intensive Family Reunification Services during first six months of entry into out-of-home placement;
- Staff time on behalf of children in the identified population;
- Post-Adoption Services and Independent Living Services;
- Supportive intervention services to family members, relatives, caretakers as needed to achieve stability and permanence;
- Recruitment and training of foster and adoptive parents;
- Legal services designed specifically to achieve permanence for children.

Non-reimbursable activities include:

- Staff time or supportive services on behalf of children who have been in agency custody/placement responsibility for more than 12 months and for whom the plan is reunification with birth parents;
- Staff time or supportive services on behalf of children who have been in agency custody/placement responsibility for more than 12 months and for whom the plan is custody or guardianship with an **unidentified** relative or other caretaker;
- Any type of residential care or child day care payment.

- **CHILD PROTECTIVE SERVICES – STATE**

During the 2003 Session, the North Carolina General Assembly appropriated the sum of \$5 million to the Division for the purpose of providing aid to counties for child protective services (HB 1414). The funds were appropriated beginning SFY 2004/2005 and are a combination of \$1 million in TANF funds and \$4 million in State dollars. During the 2005 Session, the General Assembly appropriated an additional \$2 million dollars in state funds (SB 622) for the same purpose and to expand the Multiple Response System to all counties in the state. Both appropriations are to be distributed based on a formula that addresses the needs of counties that have high caseload per child protective services worker ratios. It is the intent of the members of the General Assembly that these funds not be used to supplant any other source of funding for staff. Rather, these funds can only be used to increase the number of child protective workers throughout the state.

- **FAMILY PRESERVATION**

Part 2 of Title IV-B provides funding for services for Family Preservation and Family Support Services.

Non-Intensive Family Preservation Services – Family preservation services are family-focused interventions that target at-risk families who are *not at imminent risk*. Programs reduce instances of maltreatment and help children remain safely in their own homes.

Chatham County Department of Social Services – Non-Intensive Family Preservation - \$75,000 – IV-B-2 (CFDA #93.556).

Time-Limited Family Reunification Services – Reunification services programs provide a variety of services and supports to families who have one or more children returning from an out-of-home placement. Programs aim to help each child and family achieve and maintain their optimal level of reconnection.

Catawba County Department of Social Services – Reunification - \$58,444– IV-B-2 (CFDA #93.556).

- **TITLE IV-D - CHILD SUPPORT ENFORCEMENT ADMINISTRATION**

Federal Financial Participation (FFP)

FFP in administration of the IV-D Program is scheduled to be 66% for SFY 2008.

Incentive Payments

In FFY 2002 the State began to earn incentive payments based on North Carolina's performance as compared to the other states in the nation. The areas of comparison are paternities established or acknowledged in relation to the number of children born out-of wedlock, percent of cases with support orders, percent collected of current support owed, percent of cases with collections toward arrears, and the cost effectiveness of the program. This new incentive program was phased-in over a three-year period with the final implementation in FFY 2002.

Once the state earns its incentive award the amount is passed down to the counties administering the local IV-D Program. The pass down process mirrors the federal incentive program with each local office's earnings based upon their program's performance in comparison to the other local Child Support Offices in the state. For SFY 2008, the county operated share of incentive is projected to be \$ 9,781,583.

It is very important that the incentive monies earned are used to supplement and not to supplant local dollars. The Federal Office of Child Support Enforcement, Action Transmittal 01-04 discusses the reinvestment phase-in process for incentive earned, and the procedure used to determine what is considered the base amount of local dollars invested by the state or county in their child support program. It can be found at the following Internet address:

<http://www.acf.dhhs.gov/programs/cse/pol/AT/at-01-04.htm>

Once the base amount is calculated the ability to understand supplementing and supplanting of incentive will be known. The base dollars are calculated by determining the average of FFY 96, 97 and 98 local shares of child support expenditures less the average of FFY 96, 97, and 98 child support incentive earned. In a memo dated May 13, 2002 all local child support program administrators were notified of their base investment dollars. It is very important to remember under the current incentive law; effective FFY 02, all incentive monies earned, as well as the base dollars must be reinvested back into the program.

Projected Collections

The collections, estimated for SFY 2008, are \$37,054,684 for public assistance and \$672,525,055 for Non-public assistance. This is a total collection amount of \$709,579,739.

Projected Expenditures

The estimate of anticipated administrative requirements for the operation of local IV-D programs that are county operated for SFY 2008 is \$78,613,826.

Program Impacts

Recent federal legislation, the Deficit Reduction Act of 2005 (DRA), impacts the Child Support Enforcement program. This legislation includes several provisions, such as a reduction of the arrearage amount that triggers passport denial from \$5,000 to \$2,500; changes in distribution rules; collection fees; and use of the Federal Income Tax Refund Intercept Program to collect past due child support on behalf of children who are not minors.

In addition to the changes above, the heaviest potential effect on county Child Support Enforcement budgets is the change related to how incentive funds may be used. Prior to DRA, federal incentive funds could be used as a matching portion of the local 34% costs, reducing the local dollars needed. Effective October 01, 2007 federal incentive funds can no longer be accounted for in a way that reduces state or local match below 34%. The incentive funds received must be accounted for separately in a line item which must be spent on the Child Support Enforcement program without reporting these expenditures for reimbursement. It is very important that the incentive monies earned are used to supplement and not to supplant local dollars. Please see Section on previous page, entitled Incentive Payments, for details. State CSE staff will be working with counties to ensure that incentive funds are not used as match for any federal dollars.

There is an important change regarding purchase of ACTS computers which will impact local budgets in months and years to come. Currently, the state provides computers to state-operated and locally operated CSE offices through the Seat Management Contract. Counties are now under the same guidelines as the State in that if a Seat Management computer is not available, the County is responsible for purchasing a replacement. The Seat Management Contract is under review and is scheduled to end during SFY 2007. Once this contract terminates counties will be responsible for purchasing their own computers. Counties need to ensure that local funds are available for SFY 2007-08 for purchasing computers for Child Support Enforcement staff.

At the state level the child support program continues with its "Journey to Excellence" Program. In 2004, performance indicator goals were established for the upcoming five (5) years. The goal for each indicator is to be among the top 10 states in the nation for the incentive performance indicators by the end of state fiscal year 2009. These indicators are: percent cases under order, percent of children born out of wedlock with paternity established, percent of current support collected, percent of cases with payment to arrears, and the cost effectiveness of the program. It is our program's vision to have our Child Support children and families economically self-sufficient, and our mission to consistently collect as much child support for these families as possible.

In conclusion, Child Support Enforcement is forever changing to meet the needs of its constituents. An example of change can be found in our current legislative proposal to simplify service of process to financial institutions regarding liens and levies. This proposal will reduce cost for both the state and financial institutions. North Carolina Child Support is in the long process of redesigning or re-engineering its management process and procedures through the "Malcolm Baldrige Award Program" for government. This process is expected to aid the Division in identifying best practices and more efficient operation of the Child Support program.

- **REFUGEE ASSISTANCE**

This is a program for refugee clients who are eligible to receive cash and medical assistance benefits for up to eight months from the date of arrival into the United States. This program is 100% federally funded and no state or county matching funds are required.

- **FOOD STAMP EMPLOYMENT PROGRAMS**

Food Stamp Workfare

Counties participating in the Food Stamp Workfare Program will continue to fund their programs with 50% federal and 50% county funds. Counties interested in establishing Food Stamp Workfare should contact the Economic Services Section for assistance.

Food Stamp Employment & Training

Federal Regulations require the operation of the Food Stamp Employment and Training (E&T) Program. Each state must submit an annual plan to the United States Department of Agriculture for approval. The E&T Program must be operated in a manner whereby as many individuals as possible participate in the program. The purpose of the program is employment for registrants.

For SFY 2008, it is anticipated that individuals in 81 counties (see E&T budget schedule for list of counties) who are required to participate in E&T will be required to report to the local office of the Employment Security Commission (ESC) to register for work and for assignment to an E&T component that results in employment.

Career Start

Career Start is a demonstration project with the N.C. Community College System and the Employment Security Commission currently operational in 34 counties. In Career Start, E&T participants not considered “job ready” are required to spend four weeks in Human Resource Development training at the local community college before being referred to ESC for four weeks of job search.

Able-Bodied Adults Without Dependents (ABAWD) Services Program

Because of a federal waiver and exemptions for all Able Bodied Adults Without Dependents (ABAWDS) in the Food Stamp Program from the time limits, there is currently no funding available for the ABAWD Services Program.

ABAWD Exemption from Time Limits

As a result of high unemployment caused by layoffs and plant closings in many counties, ABAWDS often have difficulty locating employment or suitable work activities to retain eligibility for food stamp benefits. The United States Department of Agriculture approved a regional waiver request to exempt ABAWDS from work requirements if they reside in or around geographical areas designated as labor surplus areas by the US Department of Labor. All other counties except the two Workfare counties will be covered by a USDA option to exempt up to 15% of the state’s ABAWD population from the three month time limits.

Transportation and Other Expenses

There is no maximum amount for participant expenses for transportation and other program expenses. Counties must agree upon the reimbursement amount which is matched with 50% federal funds. E&T and Workfare participants should be paid for their expenses for any month that they participate in a component for which ESC or Career Start submits a voucher to the DSS. There is no limit to the number of months a food stamp recipient may participate in E&T and Workfare components, as long as the individual is complying with work requirements and certified for food stamp benefits. Counties may elect to reimburse participant expenses using 100% county funds. Counties may choose one of the following methods to reimburse participant expenses:

1. actual expenses up to the amount the county has agreed upon matched with 50% federal funds; or
2. a flat monthly agreed upon fee matched with 50% federal funds; or
3. arrange or purchase transportation (e.g., provide bus passes), or pay vendors directly for any items (e.g., books or uniforms) necessary for participation up to the agreed upon amount matched with 50% federal funds.

Dependent Care

Current USDA regulations require that dependent care expenses for E&T and Workfare participants be reimbursed with 50% of the cost paid by federal funds at the actual cost or the local market rate, whichever is less. Throughout the history of Food Stamp work programs; there has been little utilization of dependent care. E&T and Workfare counties should budget amounts of funds for dependent care that they believe will be sufficient to cover the county needs.

• WORK FIRST COUNTY BLOCK GRANT

The federal government gives states maximum flexibility in how to use their Temporary Assistance for Needy Families (TANF) funds. To provide counties the flexibility needed to provide effective services, State law provides for counties to receive these funds via their Work First County Block Grant.

The Work First County Block Grant provides counties funding for a number of initiatives, only one of which is employment services for parents receiving a Work First payment. The block grant also provides funding for child welfare services.

Work First Block Grant

Work First Services (including some child welfare services) and administration are funded through block grants to counties. Total funds are allocated according to the formula outlined by the General Assembly, which provides funds according to each county's program expenditures in SFY 1995/96 in comparison with statewide program expenditures for SFY 1995/96. As in previous years, all expenditures through the WFCBG will be funded with either 100% TANF dollars or 100% state/county Maintenance of Effort dollars. The Division of Social Services has developed instructions to counties to describe the types of services that may be funded from each source.

Maintenance of Effort

Under the State law, the State and Standard Counties must maintain spending at 100% of 1996-97 budgeted amounts for allowable (qualified) activities. Electing Counties have the option of reducing their spending to 90% of 1996-97 budgeted amounts. State law also contains a provision allowing counties to reduce their MOE spending if they can demonstrate they are meeting the needs of eligible families. (See 108A-27.12(e); 108A-27.13)

Child Welfare Services (TEA)

Because of the funding tie to the former IV-A Emergency Assistance Program and to enhance funding flexibility, counties have the capability to use Work First Block Grant funds to fund a number of child welfare services. To avoid potential confusion with Work First program requirements, 100% federal TANF funding and associated eligibility requirements for child welfare services is referred to as "TEA". TANF regulations allow 100% federal funds to be used to provide a broad range of services that were authorized under the state's 1995 approved AFDC-EA program as long as the same eligibility factors exist and are well documented. The primary eligibility requirements for TEA (100% TANF federal) are a child living with a parent or specified relative (or having lived with a parent or specified relative within six months of eligibility determination) and the existence of an emergency situation. Once the child is determined to be eligible for TEA funding, funding for any service under TEA may not last longer than 364 days unless a different crisis occurs. TEA does not replace IV-E eligibility. If a child is IV-E eligible, IV-E funds must be used for all IV-E allowable activities.

Because of budgetary constraints and in order to increase county spending flexibility, TEA funding is available for CPS Case Planning and Case Management Services (CPS CP&CM). The same eligibility requirements for TEA funding exist when such funds are used to provide CPS CP&CM services. An example of the appropriate use of TEA for CPS CP&CM services is when the family is receiving CPS services, but the child is not considered a reasonable candidate for foster care placement. The family may be experiencing difficulties in parenting, but the difficulties are not of such severity as to endanger the child's safety. In such instances, the child would not qualify for IV-E funding because one of the major requirements for IV-E funding for CPS CP&CM is that the child be a reasonable candidate for foster care placement. The use of TEA to fund CPS CP&CM is not extensive as most agencies provide services only to those parents who are experiencing severe to intensive parenting problems. Consequently, most CPS CP&CM families have children who are considered reasonable candidates for foster care placement absent effective preventive efforts by the agency and thus meet the IV-E eligibility requirements. The use of TEA funds for appropriate children in CPS CP&CM services provides agencies with another way to serve families' needs with greater flexibility.

Child Welfare Services (MOE)

County departments of social services may also use their Maintenance-of-Effort (MOE) funds to provide certain specified child welfare services. Eligibility factors are:

- 1) The service must meet the first TANF purpose: "to provide assistance to income-eligible families so that children may be cared for in their own homes or in the homes of relatives". Workers must document how provision of the MOE funded service meets this TANF purpose,
- 2) The child must be a US citizen or qualified alien,
- 3) The child must be living with a parent or specified relative, and

- 4) Family's income cannot be higher than 200% of the Federal Poverty Level for that size family.

MOE funds are available for families receiving CPS investigative services as long as the family meets the MOE eligibility requirements. MOE funds are also available for CPS CP&CM when the family meets the MOE requirements. The same rationale for use of TEA funding for CPS CP&CM services is the same for MOE funding. In order for MOE funds to pay for CPS CP&CM services, the MOE eligibility requirements must be met and documented. The same rationale for use of MOE for CPS CP&CM exists for those families who may need CPS services from the agency, but the degree of severity of the problems do not threaten the safety of the child. As with TEA funding for this service, there has not been extensive use of these funds. As such, the child is considered a reasonable candidate for foster care placement and IV-E funding is the mandated funding source for such children.

Enhanced Return From Collections

Enhanced funding in the Work First Cash Assistance Program for fraud and client error overpayment collections will continue. It will be earned as follows:

- For collections related to AFDC or Work First Cash Assistance payments made *prior to January 1, 1997*, the return is equal to the county's distributive share and one-half of the State's distributive share of the total AFDC or Work First Cash Assistance benefits recovered.
- For collections related to Work First Cash Assistance *paid on or after January 1, 1997*, the return is equal to seventy-five percent (75%) of the total amount recovered.

Set-Off Debt Collection (State Tax Intercept)

For the income tax year 2005 (wages earned during 2005 and refunds paid during 2006), AFDC/Work First claims will continue to be submitted to the North Carolina Department of Revenue (DOR) electronically by the Enterprise Program Integrity Control System (EPICS). We will continue to refer individuals to DOR when their outstanding delinquent IPV and/or IHE claims' balances total \$50.00 or more.

State law requires, if a refund is applied against an agency debt that results in an over collection, the over collection plus interest is to be refunded to the debtor. If the total intercepted funds must be refunded, the collection assistance fee must also be included in the refund. The State Controller's Office processes these refunds. All claims, except Agency Errors, will continue to be included in the 2006 Set Off Debt Collection Program. DOR will provide an update on the interest rate every 6 months.

- **TANF DOMESTIC VIOLENCE**

These funds are to be used to provide domestic violence counseling support and other direct services to Work First recipients or families with children who meet the 200% of Federal Poverty guidelines. These services include: 1) identification of victims of domestic violence, 2) development of safety plans, 3) determining the need for Work First program requirement waivers, 4) short-term emergency services that insure client safety, and 5) helping victims relocate to a safe place. These funds cannot be used to establish new shelter programs, or for

administration. To appropriately spend these funds, counties must document 1) a child or a family with a child being served by Work First or the child or family must have income at or below 200% of the Federal poverty level, and 2) involved in a domestic violence situation.

The allocation for each county is \$5,000 plus each county shall receive an allocation of the remaining funds based on the county's proportion of the statewide total of the Work First caseload as of July 1, 2006 and the county's proportion of the statewide total of the individuals receiving domestic violence services from programs funded by the Council for Women/Commission on DV as of July 1, 2005. No county match is required. **Please note that the final funding available to counties is subject to approval by the General Assembly.**

III. ADMINISTRATION

- **MEDICAID EXPANSION**

These funds are used by county departments of social services for additional eligibility workers needed to support the expansion of public assistance programs. This appropriation provides for a 50% Federal and 50% State match. This legislation provides that county departments of social services receiving these funds shall not reduce county funding for eligibility workers.

- **LIHEAP AND CIP ADMINISTRATION**

Funds anticipated are included in each county's estimate.

- **FOOD STAMP ADMINISTRATION**

For the income tax year 2007 (wages earned during 2007 and refunds paid during 2008), food stamp claims will be submitted to DOR electronically by EPICS. The Division will continue to refer individuals to the North Carolina Department of Revenue (DOR) when their outstanding IPV and/or IHE claim balance is \$50.00 or more.

State law requires, if a refund is applied against an agency debt that results in an over collection, the over collection plus interest is to be refunded to the debtor. If the total intercepted funds must be refunded, the collection assistance fee must also be included in the refund. The State Controller's Office processes these refunds. All claims, except Agency Error claims, will continue to be included in the 2006 Set Off Debt Collection Program. DOR will provide an update on the interest rate every 6 months.

Treasury Offset Program (TOP)

North Carolina is again participating in TOP in the Food Stamp Program. During 2008, the Treasury Department will intercept a debtor's federal income tax refund or any other eligible federal payments for IPV, IHE, and AE claims which were certified as delinquent and having a balance of at least \$25.00.

As with the North Carolina Debt Set-Off Tax Intercept Program, counties will retain 35% of all IPV monies intercepted. In addition, counties will be able to retain 20% of all IHE monies collected through TOP. Receipts from TOP can be estimated using the following factors:

1. Amount of claim certified for participation in TOP.
2. USDA/FCS incentive funding of 35% for all IPV claims intercepted and 20% for all IHE claims intercepted.

- **INFORMATION TECHNOLOGY**

State Information Technology Services will be retiring the old IBM SNA network that uses control units and dedicated data lines in counties. Counties that are still using this network for printing the 8590 Food Stamps form should be preparing to convert to the State Internet Protocol (IP) network. The IP network is also called the Wide Area Network or the North Carolina Integrated Information Highway (NCIIH).

SECTION B

DIVISION OF MEDICAL ASSISTANCE

Will be available by February 15, 2007

SECTION C

DIVISION OF SERVICES FOR THE BLIND

- **SPECIAL ASSISTANCE FOR THE BLIND**

The basic purpose of the Special Assistance for the Blind Program is to supplement available funds to enable a blind person to secure appropriate placement in a domiciliary care facility.

During Fiscal Year 2005-2006, 102 consumers received services at an average cost of \$554.00 per consumer per month.

Services are funded by a procedure whereby the State Agency for the Blind bills each county their proportionate share for services provided to clients from the county.

- **IN-HOME SERVICES PROGRAM – LEVEL I**

The purpose of the In-Home Services Program – Level I is to provide assistance in meeting the daily living needs of blind persons who, because of multiple disabilities or other factors, cannot perform these tasks themselves. This program minimizes dependence and prevents institutionalization thereby permitting blind persons to maintain their own home environment.

Services are funded by a procedure whereby the Division of Services for the Blind bills each county their proportionate share for services rendered to clients in that county.

With the average age of the national population increasing and because blindness is a primary disability for this age group, it can be projected that an increase in the number of in-home recipients will occur each year.

- **PROGRAM STAFF OPERATIONS**

This phase of program operations involves the overall mechanism by which services are provided to clients.

Services are delivered to clients by trained Social Workers for the Blind. The Social Worker's salary and travel allocations from a county are proportionate to the amount of time spent in that county serving clients.

Services are funded by a procedure whereby the Division of Services for the Blind bills each county their proportionate share for services rendered to clients in that county.

SECTION D

DIVISION OF CHILD DEVELOPMENT

The estimates in the package are based on the current allocation formula described in Special Provision language. The subsidy allocation estimates are based on funds expected to be available and do not include any projections about federal funds that may carry forward.

- **STRATEGIC SUBSIDY PLANNING FOR STATE FISCAL YEAR 2007-2008**

County staff are required to develop a business plan for providing services and monitoring their spending of child care subsidy funds. Also, if a county receives an allocation of Smart Start subsidy funds, the county staff must ensure the funds are spent consistently and equally during the state fiscal year. This will assure that Smart Start subsidy expenditures needed for state match and Maintenance of Effort (MOE) are available. It will also help the agency avoid having large amounts of unspent Smart Start funds at the end of the year which may result in the reversion of funds for the county and a penalty for the local Smart Start partnership.

Strategies for Consideration

The following factors should be considered when planning for the state fiscal year:

- identify and consider other resources available in the community to serve families who need child care subsidy services;
- assess past spending patterns for expenditures that may vary from month to month such as Child Protective Services (CPS), foster care, rate changes for increases in star license level, etc.;
- weigh the county's existing financial situation;
- identify other funds available such as Smart Start, TANF, Title IV-E, services support, other county funds, etc. that can be utilized for child care expenditures;
- identify More at Four or Head Start slots available to which families may be referred;
- review cases quarterly to identify families that are no longer eligible to receive assistance;
- establish specific criteria with Child Protective Services (CPS) and Work First Employment Services (WFES) staff regarding the referral of families for child care;
- consider defining gainful employment in local policies;
- consider paying for part-time care instead of full-time care to support an activity that is less than 32 hours per week, and
- identify the funding source(s) to meet the local match requirement if a reallocation is requested beyond the county's initial allocation.

While one-time funding was provided to a few counties at the start of the 2006-2007 State Fiscal Year to help counties maintain services to families currently being served, it is unlikely that one-time funding will be available in 2007-2008. Therefore, counties should not count on the receipt of additional funds when planning for next year.

Strategies for Limited Subsidy Funding

When funding is not sufficient to serve all eligible families, counties are encouraged to develop plans for prioritizing the receipt of services and to establish waiting list policies to explain how services will be handled when funding is not available. Counties are encouraged to identify community resources to supplement subsidy services.

Also, it is critical that county staff make the local Smart Start partnership aware of the county's funding estimate and the possible impact on families in the community. Local Smart Start partnerships are developing plans for the 2007-2008 State Fiscal Year and this estimate should be considered when making decisions about the use of Smart Start funds for subsidy services. It is also important that local partnerships understand that local agencies cannot take on large amounts of Smart Start funds at the end of the state fiscal year. Please remember that retroactive recoding of subsidy payment in the Subsidy Reimbursement System from fund source 25 (Division of Child Development allocated funds) to fund source 15 (Smart Start funds) is no longer allowed unless the changes are made to correct errors.

Reversion/Reallocation of Funds

A scheduled reversion and reallocation process will not occur during the 2007-2008 SFY. If a county spends its total allocation before the end of the state fiscal year, funds from the next fiscal year may not be used to cover the deficit. If subsidy funds are available for a reallocation, counties may be required to provide a local match based on current legislation.

• CHILD CARE SERVICES FUNDING

The child care subsidy allocation includes TANF funds, the Child Care and Development Fund (CCDF), Social Services Block Grant (SSBG) and state funds appropriated by the North Carolina General Assembly. The primary factors regarding the funding are described below.

The projected allocations for SFY 2007-2008 are based on the amount of child care subsidy funds in the Division of Child Development's (DCD) certified state budget for next year and do not include any unspent federal funds that may carry forward from SFY 2006-2007. Average subsidy payments used to calculate need were based on 12 months of expenditures for services provided from December 2005 –November 2006. The same level of funding allocated to each county in 2006-2007 for market rate increases has been included in the final estimates for 2007-2008. When final allocation amounts are prepared and more current expenditures data is available, allocation amounts may be revised.

The Division had not received the final CCDF grant award amounts for FY 2007 at the time these estimates were developed. The estimates included with this package were prepared according to the criteria in existing state law. Note that the projected allocations included in this document do not include Smart Start subsidy funds. Counties will receive official notification of the allocation amount via funding authorizations from DCD throughout the year.

CCDF, TANF, SSBG and State Funds

Funding for the child care program primarily comes from the federal Child Care and Development Fund. The majority of the CCDF monies are used to support employment for public assistance recipients, those transitioning off public assistance and other low-income families at risk of going on public assistance. The CCDF monies, which include TANF transfer funds, are combined with the Social Services Block Grant (SSBG), other TANF funds designated for child care and state maintenance of effort and matching funds to make up the allocations to counties.

Smart Start

Many counties also receive Smart Start funds for subsidy services. Current legislation requires that not less than 30% of Smart Start expenditures for direct services shall be used to expand

subsidies. In addition to child care subsidies provided through the county department of social services, the 30% requirement may be met through special scholarship programs, Head Start, More at Four, public school programs, child day care transportation services, enhanced rates for quality care and services support.

Decisions about the allocation of Smart Start funds for subsidy activities are made by the local Smart Start partnership. Eligibility criteria for Smart Start subsidy funds are established by each local partnership and included in its Early Childhood Education and Development Plan. In addition, each local partnership and department of social services is encouraged to develop and sign a memorandum of understanding or contract to clarify the use of Smart Start funds for the Subsidy Program. In order to meet the needs of families for child care subsidies, collaboration with the local Smart Start partnerships is essential in order to maximize the available funds. Layering of funds to most effectively serve families in each county will need to occur since there are limited funds to meet the demand for subsidies.

Funding for Eligible Active Duty Military Families

During the 2006–2007 SFY, the Division designated a portion of the funds available for subsidy services to provide services for eligible active duty military families whose income before exclusions exceeds the subsidy income guidelines. The allocation formula approved by the General Assembly excludes families whose total income exceeds 75% of the state median income; therefore, data about these families is not captured in the allocation formula. Subsidy funding for services provided to these families is in addition to the county's initial allocation. A decision about the continuation of this designation of funding will be made at the end of the 2006–2007 SFY.

• **SERVICES SUPPORT FUNDING**

A portion of the county's allocation may be used for services support; i.e., staff for the child care program. The maximum amount available for services support is 4% of the county's total allocation, or \$60,000, whichever amount is greater. The services support funding does not have restrictions on use other than the funding may be used only to support staff working with the child care program. The use of a portion of the county's allocation for services support is an option a county may or may not choose to exercise. A county may choose to use their allocation solely for the purchase of services, or the county may use the allowable (or lesser) amount for services support with the remainder designated for the purchase of services. The Subsidy Services Section in the Division of Child Development must be notified about the amount of the allocation the county will be using for services support. In addition, adjustments for services support funds may be requested on a quarterly basis only. Contact Fay Lewis, Policy Supervisor, in the Subsidy Services Section at (919) 662-4561, extension 224 regarding the requirements about the services support funds.

As with the portion of the allocation used for purchasing services, the services support expenditures for June are paid for and reimbursed in July; therefore, ***each county's allocation covers services and services support provided during the months of June 2007 through May 2008.*** In addition, unused funds for services support will be reverted to the state at the end of the state fiscal year. If counties spend more than their allotted amount for child care services support, the amounts claimed above the allotment will not be reimbursed and will be considered county-funded.

- **SPECIAL NEEDS SET-ASIDE**

One of the requirements of the CCDF is that children with special needs be given priority for services along with employed families. North Carolina's approved CCDF plan meets this requirement by designating a portion of the child care subsidy allocations to be used for that population. For SFY 2007-2008, the county must continue to set aside part of their allocation for children with special needs. See the attached chart for the minimum amount required to be set aside for children with special needs. Funds from the special needs set-aside are used to pay for subsidy services for eligible children with a documented special need. In effect, county staff must establish a separate budget for children with special needs. If the set-aside is exhausted, a separate waiting list is established for new families who apply if the county chooses to give them priority. Children with special needs may fall under any of the need criteria for child care services, i.e. to support employment, education/training, protective services, developmental needs or child welfare services. When the special needs set-aside is depleted, children with special needs who are currently being served should be served with funds from the county's regular subsidy allocation, as long as there is no overspending.

Child Care Set Aside for Children with Special Needs

SFY 2007-08

County	Required Set-Aside for Children with Special Needs	County	Required Set-Aside for Children with Special Needs
Alamance	\$36,126	Johnston	\$39,364
Alexander	\$9,937	Jones	\$6,520
Alleghany	\$213,730	Lee	\$166,819
Anson	\$10,665	Lenoir	\$25,964
Ashe	\$131,405	Lincoln	\$18,536
Avery	\$3,093	Macon	\$4,675
Beaufort	\$18,697	Madison	\$14,702
Bertie	\$11,040	Martin	\$31,144
Bladen	\$12,772	McDowell	\$10,848
Brunswick	\$22,119	Mecklenburg	\$328,155
Buncombe	\$28,239	Mitchell	\$1,022
Burke	\$23,388	Montgomery	\$9,207
Cabarrus	\$33,754	Moore	\$22,416
Caldwell	\$23,158	Nash	\$31,676
Camden	\$4,156	New Hanover	\$189,010
Carteret	\$18,808	Northampton	\$8,824
Caswell	\$7,831	Onslow	\$54,028
Catawba	\$40,548	Orange	\$30,110
Chatham	\$14,594	Pamlico	\$6,412
Cherokee	\$3,223	Pasquotank	\$14,135
Chowan	\$7,002	Pender	\$14,792
Clay	\$4,399	Perquimans	\$6,545
Cleveland	\$30,391	Person	\$12,117
Columbus	\$22,554	Pitt	\$203,636
Craven	\$34,944	Polk	\$7,033
Cumberland	\$379,052	Randolph	\$37,794
Currituck	\$5,638	Richmond	\$18,871
Dare	\$7,559	Robeson	\$60,528
Davidson	\$47,958	Rockingham	\$31,360
Davie	\$4,199	Rowan	\$36,985
Duplin	\$17,525	Rutherford	\$20,578
Durham	\$68,277	Sampson	\$19,969
Edgecombe	\$30,743	Scotland	\$17,598
Forsyth	\$55,370	Stanly	\$19,950
Franklin	\$13,841	Stokes	\$8,894
Gaston	\$66,659	Surry	\$20,436
Gates	\$6,029	Swain	\$3,752
Graham	\$3,054	Transylvania	\$16,609
Granville	\$13,223	Tyrrell	\$6,598
Greene	\$8,386	Union	\$30,780
Guilford	\$133,905	Vance	\$17,918
Halifax	\$30,293	Wake	\$205,694
Harnett	\$49,795	Warren	\$11,427

Child Care Set Aside for Children with Special Needs
SFY 2007-08

County	Required Set-Aside for Children with Special Needs
Haywood	\$2,928
Henderson	\$23,317
Hertford	\$11,516
Hoke	\$11,644
Hyde	\$8,389
Iredell	\$34,039
Jackson	\$2,140

County	Required Set-Aside for Children with Special Needs
Washington	\$6,990
Watauga	\$10,592
Wayne	\$41,827
Wilkes	\$19,805
Wilson	\$30,976
Yadkin	\$10,192
Yancey	\$3,940
DSS Totals	\$3,769,805

SECTION E

DIVISION OF AGING AND ADULT SERVICES

- **STATE IN-HOME SERVICES FUND**

State In-Home Services Funds are authorized by the General Assembly for county departments of social services to provide In-Home Aide Services, Adult Day Care, Housing and Home Improvement Services, and Preparation and Delivery of Meals. The expenditure rates are 87.5% federal and 12.5% county financial participation. Effective September 1, 2003 the Adult Services Section, formerly of the Division of Social Services, merged with the Division of Aging. All program management functions are now carried out through the Division of Aging and Adult Services.

The amount of federal funding available for SFY 07-08 is \$2,101,113. Counties have historically expended all available resources. County allocations for SFY 07-08 will reflect year-to-date expenditures as of May 2007 services reimbursed in June, 2007.

- **STATE ADULT DAY CARE FUND**

The State Adult Day Care Fund (SADCF) is authorized by the General Assembly for county departments of social services to purchase Adult Day Care and Adult Day Health Care services. The expenditure rates are 87.5% federal/state and 12.5% county financial participation.

The total amount of federal, state, and county matching funds for the purchase of adult day services and transportation for SFY 07-08 is \$3,972,732. As a result of the September, 2003 merger of the Adult Services Section with the Division of Aging, all program management functions are now carried out through the Division of Aging and Adult Services.

Allocations to counties in SFY 07-08 will follow these principles:

- 1) During December 2006 and March 2007 the Division of Aging and Adult Services will review actual expenditures and possibly reallocate funds from counties that are under spending State Adult Day Care Funds. Over-spending DSSs receiving reallocated funds in SFY 06-07 cannot be assured of receiving the total increased level of funding during the coming year due to the fact that new centers may be certified in counties not previously funded. It is the practice of the Division of Aging and Adult Services to fund counties where adult day services are new, to the extent possible.
- 2) Actual SFY 07-08 funding to counties will largely reflect final SFY 06-07 expenditures.

- **STATE/COUNTY SPECIAL ASSISTANCE FOR ADULTS (SA) PROGRAM**

A total of \$148,865,420 (\$74,432,710 in State funds plus \$74,432,710 county match) is projected for State/County Special Assistance for Adults (SA) for SFY2007-08. The General Assembly increased the maximum SA basic rate effective January 1, 2007. The new rate is \$1,148.

The General Assembly has not increased the maximum facility rate for SA recipients residing in adult care home Special Care Units for Alzheimer's and Related Disorders. The maximum rate for SA recipients living in a Special Care Unit, effective October 1, 2005, is \$1,515. These recipients are identified by Ambulation Capacity Code C.

The SA rate for the original disenfranchised recipients (Ambulation Capacity A or S) will continue to be \$1,231 per month. Currently, there are four of the original disenfranchised recipients statewide. Due to the increase in the maximum facility rate for SA recipients residing in Special Care Units, any case in the 'A' and 'S' disenfranchised groups residing in an SCU will need to be changed to the new SA Ambulation Capacity 'C'.

The current estimates are based on SFY2006 spending levels for each county. The SFY2006 amounts were proportionately increased to bring the total budget to \$148,865,420, which is currently the amount projected to be needed to cover costs for SFY2007-2008. This amount is subject to change based on the General Assembly's actual budget for SFY2007-2008 that will be determined during the 2007 Long Session.

- **ADULT CARE HOME CASE MANAGEMENT SERVICES**

Medicaid eligible residents of adult care homes who require extensive or total assistance with feeding, toileting and/or ambulation/locomotion are eligible to receive additional hours of personal care services (beyond the basic hours of personal care provided to all Medicaid residents) as well as Adult Care Home Case Management Services. County DSS agencies and Local Management Entities (LME) provide this service to eligible residents. Allocations from this fund are based on each county department of social services' portion of the prior fiscal year expenditures.

Under Medicaid regulations, Adult Care Home Case Management Services are identified as administrative case management. The matching rates are 50% federal (Medicaid); 25% state; and 25% county.

The General Assembly appropriated \$6,156,824 (including county match) for county departments of social services to provide this service. The Budget Estimates are based on the previous SFY reimbursed expenditures for each county. The allocations support an average of 2 hours of case management per client per month.

Reallocations are made in February based on reported county spending through the first two quarters of the current fiscal year.

- **ADULT PROTECTIVE SERVICES – STATE**

These funds are to be used to expand the capacity of county DSSs to provide Adult Protective Services. County DSSs had to submit an application to request these funds, and 53 counties are receiving them. Allocations are 100% state funds. There is no county match required.

The State Adult Protective Services Fund may be used only for the provision of Adult Protective Services. Funds may be used to support newly established social worker position(s) or to expand the time utilized by existing positions. The Fund may support expansion of time utilized by existing positions if the funds (SSBG, Medicaid, county funds, etc) used for positions existing prior to the creation of the State Adult Protective Services Fund are used to pay for additional positions or additional social work time in APS. In such circumstances, the cost of the additional position or time must be equal to the amount of the State Adult Protective Services Fund allocation. APS staff not funded with this state appropriation must continue utilizing SSBG or At Risk Case Management Funds.

- **STATE ADULT HOME SPECIALIST FUND**

The General Assembly established the State Adult Home Specialist Fund in SB-10 during the 1999 Session and \$1,400,000 in state funds were identified to support the Fund. The state funds are matched with Medicaid and county funds so that county departments of social services can obtain maximum benefit from the availability of the state funds. In addition to these funds, county departments of social services are expected to continue using SSBG and county funds at FY00 levels for the Adult Home Specialist function.

All departments of social services in counties where adult care homes licensed under General Statute 131D-2 are located receive an allocation from the State Adult Home Specialist Fund. These Budget Estimates are based on the number of GS 131D-2 adult care homes in each county, as a proportion of the total number of these homes statewide, as of August 1st of each year. . Actual fiscal year allocations are based on the number of GS 131D-2 homes in each county at the time the budget figures are prepared.

The purpose of the State Adult Home Specialist Fund is to increase the time and effort by county departments of social services to monitor adult care homes. The Division has recommended a county DSS staff ratio of 1 FTE Adult Home Specialist per 12 adult care homes. The NC Association of County Directors of Social Services has endorsed this staffing standard. The current level of funding supports a ratio of 1 FTE Adult Home Specialist to 14 adult care homes.

- **STATE/COUNTY SPECIAL ASSISTANCE ADMINISTRATION**

The cost of administering this program is funded through 100% county funds, with the exception of funds needed for the Native American populations, which will be provided with state dollars. Each county's estimate is based on FY2006 final spending, increased by a 2.5% annual inflation figure.

SECTION F

DIVISION OF PUBLIC HEALTH

- **THE ADOLESCENT PARENTING PROGRAM**

The Adolescent Parenting Program is designed to delay a teenage mother's second pregnancy, keep her in school, and reduce the risk of abuse and neglect through use of a volunteer mentor and peer group education. Eligible providers include private not-for-profit agencies and other public agencies in addition to county departments of social services. The funding formula includes the use of Medicaid monies per an agreement with the Division of Medical Assistance. The funding formula is as follows: Medicaid Eligible Youth - 50% Medicaid, 32.75% State, 17.25% local; Non-Medicaid Eligible Youth - 50% State, 50% Local. The maximum annual amount of reimbursement of State funds is \$18,990. In order for each program to determine their annual budget for the year, they must estimate the percentage of Medicaid eligible youth who will be served within the fiscal year.